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S E C R E T KUWAIT 001557

SIPDIS

FOR NEA/ARPI - BERNs

E.O. 12958: DECL: 04/16/2015

TAGS: [ECON](#) [EFIN](#) [PTER](#) [KU](#) [IO](#) [TERRORISM](#)

SUBJECT: GOK RESPONSE ON RELEASE OF IRAQ ASSETS TO DFI AND  
INFO ON AL-FAHDLI DESIGNATION

REF: STATE 59301

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

(S) 1. In the course of an April 17 meeting on several topics, Ambassador raised April 17 with Ministry of Foreign Affairs Under Secretary Khaled Al-Jarallah the transfer to the Development Fund for Iraq (DFI) of frozen Iraqi assets and a request for data on the frozen assets of of Muhsin Al-Fadhli. Al-Jarallah confirmed that the Kuwaiti Mission to the UN has an account holding \$78 million of Iraqi assets and said the GOK supported transferring the funds to the Development Fund for Iraq (DFI) in accordance with UNSC 1483. He noted that the resolution exempted the transfer of funds subject to a claim by an individual or non-governmental body and expressed the possibility of claims by Kuwaiti entities. Al-Jarallah promised to review the resolution, determine whether there were Kuwaiti liens against the funds, and report back to us. On April 18, the Ambassador provided Al-Jarallah a fax message with information from Treasury Deputy Assistant Secretary Glaser clarifying that any claims for judgment or arbitration would have had to been submitted before UNSCR 1483 was adopted on May 22, 2003. Ambassador spoke to Al-Jarallah again on April 18 to confirm receipt of the message and reinforce the need for prompt action. Al-Jarallah said he had passed our information to the MFA Legal Affairs Office and that he would get back to us on the issue.

2. (S) On the reftel request for information on the frozen assets of Mushin Al-Fadhli, Al-Jarallah referred us to the MFA Department of Coordination and Follow-up. PolChief discussed April 18 the Al-Fadhli designation with Feisal Al-Enezi in the MFA Office of Coordination and Follow-Up, who said Central Bank representatives orally confirmed to him that the assets of Al-Fadhli had been frozen. He said his office had received no written confirmation from the bank on the measures taken, but assured PolChief that the bank took immediate action upon receiving MFA instructions. (NOTE: This information is at odds with what the Central Bank Governor told DAS Glaser on April 18, when he said that a written report had been provided by the Central Bank to the MFA. The information maynot have been sent, it may have gone to another office in the MFA or the MFA may be unwilling to provide the detailed data. We will continue to pursue the matter.)  
LEBARON